

Message Text

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ACTION COME-00

INFO OCT-01 EA-07 ISO-00 EB-07 OPIC-03 L-03 CIAE-00 INR-07
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FM AMEMBASSY TAIPEI
TO SECSTATE WASHDC 2100

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E.O. 11652: N/A
TAGS: BEXP, TW
SUBJECT: U.S. COMPANY'S FINANCIAL DIFFICULTIES

1. THE EMBASSY HAS BEEN INFORMED BY MR. P.T. WU, ACTING GENERAL MANAGER OF MILBERN-HELLER WOODCRAFT CO. LTD., WHOLLY-OWNED U.S. COMPANY LOCATED NEAR TAICHUNG PRODUCING WOODEN NOVELITIES FOR U.S. MARKET, THAT COMPANY'S THREE RESPONSIBLE AMERICAN OFFICIALS DEPARTED TAIWAN DURING LAST TWO MONTHS LEAVING APPROXIMATELY 483 CHINESE EMPLOYEES UNPAID SINCE NOVEMBER. PROBLEM, ACCORDING TO WU, IS FAILURE BY U.S. COUNTERPART FIRM MORRIS HELLER & SONS, INC., 21-39 DIVISION STREET, NEWARK, N.J, 07102, TO ISSUE MONTHLY LETTER OF CREDIT FOR PURCHASE OF LOCAL COMPANY'S OUTPUT. WU SAYS HE HAS TALKED TO BERNARD HELLER OF MORRIS HELLER WHO REPORTEDLY PUTS BLAME ON BANKERS TRUST COMPANY'S REFUSAL TO ISSUE LC. EMBASSY HAS DISCUSSED THIS WITH LOCAL BANKERS TRUST REPRESENTATIVE WHO IS UNINFORMED BUT WILL CHECK WITH HIS HOME OFFICE. HE SAYS THERE IS A POSSIBILITY THAT MORRIS HELLER IS HAVING FINANCIAL PROBLEMS AND THAT BANK MAY BE REFUSING TO EXTEND ADDITIONAL CREDIT.

2. USIS TAICHUNG CORROBORATES SITUATION DESCRIBED ABOVE WHICH MAY HAVE REPERCUSSIONS ADVERSELY AFFECTING U.S. BUSINESS COMMUNITY IN TAIWAN. MILBERN-HELLER APPARENTLY HAS LIABILITIES AMOUNTING TO NT\$30 MILLION. WORKERS NOW TALKING ABOUT SELLING FIRMS ASSETS (FIRM'S RAW MATERIALS STOCKS HAVE
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ALREADY BEEN SOLD). ASSETS AT ESTIMATED MARKET PRICE COULD BRING NT\$40 MILLION ALTHOUGH AT PUBLIC AUCTION WOULD BRING LESS.

3. ACTION REQUESTED: EMBASSY WOULD APPRECIATE DEPARTMENT CONTACTING BERNARD HELLER OF MORRIS HELLER TO OBTAIN HIS

VERSION OF EVENTS AND WHAT MORRIS HELLER'S INTENTIONS ARE
WITH REGARD TO MILBERN-HELLER'S FUTURE.
UNGER

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